

AMENDED IN SENATE MAY 7, 2014
AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1250

Introduced by Senator Hueso

February 20, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2012, relating to a safe drinking water and water supply reliability program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1250, as amended, Hueso. Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of ~~\$9,450,000,000~~ \$10,150,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply program.

This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) of the Water Code, as added by Section 1 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, is repealed.

SEC. 2. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE
DRINKING WATER SUPPLY ACT OF 2014

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

CHAPTER 2. FINDINGS AND DECLARATIONS

79701. The people of California find and declare all of the following:

(a) Safeguarding supplies of clean, safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

(b) Every Californian should have access to clean, safe, and reliable drinking water.

(c) Providing adequate supplies of clean, safe, and reliable drinking water is vital to keeping California's economy growing and strong.

(d) Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.

(e) Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the entire state are crucial to providing a reliable supply of drinking water and protecting the state's natural resources.

(f) *This division is intended to promote the coequal goals, as defined in Section 85054, of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem.*

CHAPTER 3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

~~(a) "Bay Delta Conservation Plan" means the final plan prepared pursuant to the planning agreement regarding the Bay Delta Conservation Plan, dated October 6, 2006.~~

~~(b)~~
(a) "Bay-Delta Estuary" means the Delta, Suisun Bay, and Suisun Marsh.

~~(c)~~
(b) "CALFED Bay-Delta Program" means the program described in the Record of Decision dated August 28, 2000.

~~(d)~~
(c) "Commission" means the California Water Commission.

~~(e)~~
(d) "Committee" means the Safe, Clean, and Reliable Drinking Water Supply Finance Committee created by Section 79802.

~~(f)~~
(e) "Delta" ~~means the Sacramento-San Joaquin Delta, has the same meaning as defined in Section 12220~~ 85058.

(f) "Delta Conservancy" means the Sacramento-San Joaquin Delta Conservancy established in Section 32320 of the Public Resources Code.

(g) “Delta conveyance facilities” means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.

(h) “Delta counties” means the Counties of Contra Costa, Sacramento, San Joaquin, Solano, and Yolo.

(i) “Delta Plan” has the meaning set forth in Section 85059.

(j) “Department” means the Department of Water Resources.

(k) “Director” means the Director of Water Resources.

(l) “Disadvantaged community” has the meaning set forth in subdivision (a) of Section 79505.5.

(m) “Economically distressed area” means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:

(1) Financial hardship.

(2) Unemployment rate at least 2 percent higher than the statewide average.

(3) Low population density.

(n) “Fund” means the Safe, Clean, and Reliable Drinking Water Supply Fund of 2014 created by Section 79716.

(o) “Integrated regional water management plan” has the meaning set forth in Section 10534.

(p) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

(q) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(r) “Secretary” means the Secretary of the Natural Resources Agency.

(s) “*State board*” means the *State Water Resources Control Board*.

~~(s)~~

(t) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with

Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the ~~State Water Resources Control Board~~ *state board*.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79750).

79708. (a) ~~Prior to~~ *Before* disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded. *If the state agency previously developed and adopted project solicitation and evaluation guidelines that comply with the requirements of this subdivision, the state agency may use those guidelines.*

(b) ~~Prior to~~ *Before* disbursing grants, the state agency shall conduct three public meetings to consider public comments ~~prior to before~~ finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley, and one

1 meeting shall be conducted at a location in southern California.
2 Upon adoption, the state agency shall transmit copies of the
3 guidelines to the fiscal committees and the appropriate policy
4 committees of the Legislature.

5 79709. It is the intent of the people that the investment of public
6 funds pursuant to this division will result in public benefits.

7 79710. (a) The California State Auditor shall annually conduct
8 a programmatic review and an audit of expenditures from the fund.
9 *The Notwithstanding Section 10231.5 of the Government Code,*
10 *the California State Auditor shall report its findings annually on*
11 *or before March 1 to the Governor and the Legislature, and shall*
12 *make the findings available to the public.*

13 *(b) A report submitted pursuant to subdivision (a) shall be*
14 *submitted in compliance with Section 9795 of the Government*
15 *Code*

16 79711. (a) Funds provided by this division shall not be
17 expended to support or pay for the costs of environmental
18 mitigation measures or compliance obligations of any party except
19 as part of the environmental mitigation costs of projects financed
20 by this division or for costs for groundwater cleanup pursuant to
21 the requirements of Chapter 10 (commencing with Section 79770).
22 Funds provided by this division may be used for environmental
23 enhancements or other public benefits.

24 *(b) Funds provided by this division may be used to acquire*
25 *water if both of the following conditions are met:*

26 *(1) The acquisition involves a long-term water transfer, as*
27 *described in Section 1735, a purchase of water, or other agreement*
28 *that results in enhanced stream flow such as reservoir reoperation.*

29 *(2) The Department of Fish and Wildlife determines that the*
30 *acquisition will provide fisheries or ecosystem benefits or*
31 *improvements.*

32 79712. Funds provided by this division shall not be expended
33 to pay the costs of the design, construction, operation, or
34 maintenance of Delta conveyance facilities. Those costs shall be
35 the responsibility of the water agencies that benefit from the design,
36 construction, operation, or maintenance of those facilities.

37 79713. (a) This division does not diminish, impair, or
38 otherwise affect in any manner whatsoever any area of origin,
39 watershed of origin, county of origin, or any other water rights
40 protections, including, but not limited to, rights to water

1 appropriated ~~prior to~~ *before* December 19, 1914, provided under
2 the law. This division does not limit or otherwise affect the
3 application of Article 1.7 (commencing with Section 1215) of
4 Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128,
5 11460, 11461, 11462, and 11463, and Sections 12200 to 12220,
6 inclusive.

7 (b) For ~~the~~ purposes of this division, an area that utilizes water
8 that has been diverted and conveyed from the Sacramento River
9 hydrologic region, for use outside the Sacramento River hydrologic
10 region or the Delta, shall not be deemed to be immediately adjacent
11 thereto or capable of being conveniently supplied with water
12 therefrom by virtue or on account of the diversion and conveyance
13 of that water through facilities that may be constructed for that
14 purpose after January 1, 2014.

15 (c) Nothing in this division supersedes, limits, or otherwise
16 modifies the applicability of Chapter 10 (commencing with Section
17 1700) of Part 2 of Division 2, including petitions related to any
18 new conveyance constructed or operated in accordance with
19 Chapter 2 (commencing with Section 85320) of Part 4 of Division
20 35.

21 (d) Unless otherwise expressly provided, nothing in this division
22 supersedes, reduces, or otherwise affects existing legal protections,
23 both procedural and substantive, relating to the state board's
24 regulation of diversion and use of water, including, but not limited
25 to, water right priorities, the protection provided to municipal
26 interests by Sections 106 and 106.5, and changes in water rights.
27 Nothing in this division expands or otherwise alters the state
28 board's existing authority to regulate the diversion and use of water
29 or the courts' existing concurrent jurisdiction over California water
30 rights.

31 (e) *Nothing in this division supersedes, limits, or otherwise*
32 *modifies the Sacramento-San Joaquin Delta Reform Act of 2009*
33 *(Division 35 (commencing with Section 85000)).*

34 79714. (a) Eligible applicants under this division are public
35 agencies, nonprofit organizations, public utilities, *federally*
36 *recognized Indian tribes, state Indian tribes listed on the Native*
37 *American Heritage Commission's California Tribal Consultation*
38 *List*, and mutual water companies. To be eligible for funding under
39 this division, a project proposed by a public utility that is regulated
40 by the Public Utilities Commission or a mutual water company

1 shall have a clear and definite public purpose and shall benefit the
2 customers of the water system.

3 *(b) Projects funded pursuant to this division may use the services*
4 *of the California Conservation Corps or community conservation*
5 *corps, as defined in Section 14507.5 of the Public Resources Code,*
6 *whenever feasible.*

7 79715. The Legislature may enact legislation necessary to
8 implement programs funded by this division, except as otherwise
9 provided in Section 79759.5.

10 79716. The proceeds of bonds issued and sold pursuant to this
11 division shall be deposited in the Safe, Clean, and Reliable
12 Drinking Water Supply Fund of 2014, which is hereby created in
13 the State Treasury.

14 79717. *All references in this division to other provisions of law*
15 *shall incorporate those provisions as they may be amended.*

16
17 CHAPTER 5. CLEAN, SAFE, AND RELIABLE DRINKING WATER
18

19 79720. The sum of nine hundred million dollars (\$900,000,000)
20 shall be available, upon appropriation by the Legislature from the
21 fund, *to the state board* for expenditures, grants, and loans for
22 projects that improve water quality or help provide clean and safe
23 drinking water to all Californians.

24 79721. The projects eligible for funding pursuant to this chapter
25 shall help improve water quality for a beneficial use. The purposes
26 of this chapter are to:

27 (a) Reduce contaminants in drinking water supplies regardless
28 of the source of the water or the contamination, including the
29 assessment and prioritization of the risk to the safety of drinking
30 water supplies.

31 (b) Address the critical and immediate needs of disadvantaged,
32 rural, or small communities that suffer from contaminated drinking
33 water supplies, including, but not limited to, projects that address
34 a public health emergency.

35 (c) Leverage other private, federal, state, and local drinking
36 water quality and wastewater treatment funds.

37 (d) Reduce contaminants in discharges to, and improve the
38 quality of, surface water streams.

1 (e) ~~Improve water quality of surface water streams, Implement~~
2 *stormwater quality projects*, including multibenefit stormwater
3 quality projects.

4 (f) Prevent further contamination of drinking water supplies.

5 (g) Provide disadvantaged communities with public drinking
6 water infrastructure that provides clean and safe drinking water
7 supplies that the community can sustain over the long term.

8 (h) Ensure access to clean, safe, and affordable drinking water
9 for California's communities.

10 79722. (a) A project that receives funding under this chapter
11 shall be selected by a competitive grant or loan process with added
12 consideration for those projects that leverage private, federal, or
13 local funding. This subdivision shall not apply to projects for the
14 purposes of Section 79727 that address a public health priority for
15 which no other source of funding can be identified.

16 (b) ~~An agency administering grants or loans for the purposes~~
17 ~~of this chapter~~ *The state board* shall assess the capacity of a
18 community to pay for the operation and maintenance of the facility
19 to be funded.

20 (c) A project that receives funding authorized by this chapter
21 may be implemented by any public water system or other public
22 water agency.

23 79724. The contaminants that may be addressed with funding
24 pursuant to this chapter may include, but shall not be limited to,
25 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
26 selenium, hexavalent chromium, mercury,
27 PCE (perchloroethylene), TCE (trichloroethylene), DCE
28 (dichloroethene), DCA (dichloroethane), 1,2,3-TCP
29 (trichloropropane), carbon tetrachloride, 1,4-dioxane,
30 1,4-dioxacyclohexane, ~~nitrosodimethylamine~~
31 *N-nitrosodimethylamine*, bromide, iron, manganese, and uranium.

32 79725. Of the funds authorized in Section 79720, not less than
33 four hundred million dollars (\$400,000,000) shall be available for
34 deposit in the State Water Pollution Control Revolving Fund Small
35 Community Grant Fund created pursuant to Section 13477.6 for
36 grants for wastewater treatment projects. Priority shall be given
37 to projects that serve disadvantaged communities and severely
38 disadvantaged communities, and to projects that address public
39 health hazards. Projects may include, but not be limited to, projects
40 that identify, plan, design, and implement regional mechanisms

1 to consolidate wastewater systems or provide affordable treatment
2 technologies.

3 79726. (a) Of the funds authorized in Section 79720, one
4 hundred million dollars (\$100,000,000) shall be available for
5 deposit in the Emergency Clean Water Grant Fund, established
6 pursuant to Section 116475 of the Health and Safety Code, for
7 grants and direct expenditures to finance public health emergencies
8 and urgent actions, as may be determined by the Legislature, to
9 ensure that safe drinking water supplies are available to all
10 Californians. Eligible projects include, but are not limited to, the
11 following:

12 (1) Providing interim water supplies, including, but not limited
13 to, bottled water, where necessary to protect public health.

14 (2) Identifying, planning, designing, and constructing projects
15 that improve or replace existing water systems to provide safe,
16 reliable, accessible, and affordable drinking water, provide other
17 sources of safe drinking water, including, but not limited to,
18 replacement wells, and prevent contamination.

19 (3) Establishing connections to an adjacent water system.

20 (4) The design, purchase, installation, and initial operating costs
21 for interim water treatment equipment and systems.

22 (b) ~~The administering entity~~ *state board* may expend up to ten
23 million dollars (\$10,000,000) for grants and loans to address the
24 water quality needs of private well owners that have no other source
25 of funding and serve members of a disadvantaged community.

26 (c) Funds made available pursuant to this section may be used
27 to fund the costs of stewardship, operation, and maintenance of
28 the funded projects.

29 79727. (a) Of the funds authorized in Section 79720, four
30 hundred million dollars (\$400,000,000) shall be available for grants
31 and loans for public water system infrastructure improvements
32 and related actions to meet safe drinking water standards, ensure
33 affordable drinking water, or both. Priority shall be given to
34 projects that provide treatment for contamination or access to an
35 alternate drinking water source or sources for small community
36 water systems or state small water systems in disadvantaged
37 communities whose drinking water source is impaired by chemical
38 and nitrate contaminants and other health hazards identified by
39 the implementing agency. Eligible recipients serve disadvantaged
40 communities and are public agencies or incorporated mutual water

1 companies. The implementing agency may make grants for the
2 purpose of financing feasibility studies and to meet the eligibility
3 requirements for a construction grant. Eligible expenses may
4 include initial operation and maintenance costs for systems serving
5 disadvantaged communities, for a period not to exceed two years.
6 Special consideration shall be given to projects that provide shared
7 solutions for multiple communities, at least one of which is a
8 disadvantaged community that lacks safe, affordable drinking
9 water and is served by a small community water system, state
10 small water system, or a private well. Construction grants shall be
11 limited to five million dollars (\$5,000,000) per project, except that
12 the implementing agency may set a limit of not more than twenty
13 million dollars (\$20,000,000) for projects that provide regional
14 benefits or are shared among multiple entities, at least one of which
15 shall be a small disadvantaged community. Not more than 25
16 percent of a grant may be awarded in advance of actual
17 expenditures.

18 ~~(b) The administering entity~~ *state board* may expend up to
19 twenty-five million dollars (\$25,000,000) of the funds allocated
20 in subdivision (a) for technical assistance to eligible communities.

21 79729. (a) For the purposes of awarding funding under this
22 chapter, a local cost share of not less than 50 percent of the total
23 costs of the project shall be required. The cost-sharing requirement
24 may be waived or reduced for projects that directly benefit a
25 disadvantaged community or an economically distressed area.

26 (b) At least 10 percent of the funds available pursuant to this
27 chapter shall be allocated for projects serving severely
28 disadvantaged communities.

29 (c) Funding authorized pursuant to this chapter shall include
30 funding for technical assistance to disadvantaged communities.
31 ~~The agency administering this funding~~ *state board* shall operate
32 a multidisciplinary technical assistance program for small and
33 disadvantaged communities.

34 (d) Funding for planning activities, including technical
35 assistance, to benefit disadvantaged communities may exceed 10
36 percent of the funds allocated, subject to the determination of the
37 need for additional planning funding by the ~~state agency~~
38 ~~administering the funding board~~.

1 CHAPTER 6. WATER SUPPLY RELIABILITY AND DROUGHT
2 PREPAREDNESS

3
4 79730. (a) The sum of one billion dollars (\$1,000,000,000)
5 shall be available, upon appropriation by the Legislature, from the
6 fund to the department for competitive grants and expenditures in
7 accordance with Section 79731.

8 (b) *Funds made available pursuant to this section shall be*
9 *available for appropriation to, and shall be administered by, the*
10 *department in collaboration with the state board.*

11 79731. (a) The department and state board shall award grants
12 to eligible projects that implement an adopted integrated regional
13 water management plan.

14 (b) An urban water supplier that does not prepare, adopt, and
15 submit its urban water management plan in accordance with the
16 Urban Water Management Planning Act (Part 2.6 (commencing
17 with Section 10610) of Division 6) is ineligible to receive funds
18 made available pursuant to Section 79730 until the urban water
19 management plan is prepared and submitted in accordance with
20 the requirements of that act.

21 (c) *An agricultural water supplier that does not prepare, adopt,*
22 *and submit its agricultural water management plan in accordance*
23 *with the Agricultural Water Management Planning Act (Part 2.8*
24 *(commencing with Section 10800) of Division 6) is ineligible to*
25 *apply for funds made available pursuant to this chapter until the*
26 *agricultural water management plan is prepared and submitted*
27 *in accordance with the requirements of that act.*

28 (d) *A local agency that does not prepare, adopt, and submit its*
29 *groundwater management plan in accordance with Part 2.75*
30 *(commencing with Section 10750) of Division 6 is ineligible to*
31 *apply for funds made available pursuant to this chapter until the*
32 *groundwater management plan is prepared and submitted in*
33 *accordance with the requirements of that part.*

34 (e)
35 (e) For the purposes of awarding a grant under this chapter, the
36 department shall require a local cost share of not less than 50
37 percent of the total costs of the project. The department may waive
38 or reduce the cost-sharing requirement for projects that directly
39 benefit a disadvantaged community or an economically distressed
40 area.

(d)

(f) Eligible projects are those included in adopted integrated regional water management plans ~~consistent with~~ *pursuant to* Part 2.2 (commencing with Section 10530) of Division 6, including, but not limited to, local and regional surface water storage projects.

(e)

(g) The funding provided in Section 79730 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is not eligible for funds from the Sacramento River hydrologic region or the San Joaquin River hydrologic region. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

(1) North Coast: ~~—\$45,000,000~~ *forty-five million dollars (\$45,000,000).*

(2) San Francisco Bay: ~~—\$132,000,000~~ *one hundred thirty-two million dollars (\$132,000,000).*

(3) Central Coast: ~~—\$58,000,000~~ *fifty-eight million dollars (\$58,000,000).*

(4) Los Angeles subregion: ~~—\$198,000,000~~ *one hundred ninety-eight million dollars (\$198,000,000).*

(5) Santa Ana subregion: ~~—\$128,000,000~~ *one hundred twenty-eight million dollars (\$128,000,000).*

(6) San Diego subregion: ~~—\$87,000,000~~ *eighty-seven million dollars (\$87,000,000).*

(7) Sacramento River: ~~—\$76,000,000~~ *seventy-six million dollars (\$76,000,000).*

(8) San Joaquin River: ~~\$64,000,000~~ *sixty-four million dollars (\$64,000,000).*

(9) Tulare/Kern: ~~—\$70,000,000~~ *seventy million dollars (\$70,000,000).*

(10) North/South Lahontan: ~~\$51,000,000~~ *fifty-one million dollars (\$51,000,000).*

(11) Colorado River Basin: ~~\$47,000,000~~ *forty-seven million dollars (\$47,000,000).*

(12) Mountain Counties Overlay: ~~\$44,000,000~~ *forty-four million dollars (\$44,000,000).*

79732. Of the funds provided in Section 79730, not less than 10 percent shall be allocated to disadvantaged communities.

79733. (a) *The sum of three hundred fifty million dollars (\$350,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management. Projects shall be consistent with an adopted integrated regional water management plan and shall provide one or more of the following benefits:*

(1) *Improved regional or interregional water supply and water supply reliability.*

(2) *Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence.*

(3) *Adaptation to the impacts of hydrologic changes.*

(4) *Improved water security from drought, natural disasters, or other events that could interrupt imported water supplies.*

(5) *Provision of safe drinking water for disadvantaged communities and economically distressed areas.*

(b) *The department shall require a cost share of not less than 50 percent of total project costs from nonstate sources. The department may waive or reduce the cost share requirement for projects that directly benefit a disadvantaged community or an economically distressed area.*

CHAPTER 7. DELTA SUSTAINABILITY

79740. (a) The Bay-Delta Estuary is a unique and irreplaceable combination of environmental and economic resources. Current

1 management and use of the Delta is not sustainable, and results in
2 a high level of conflict among various interests. Future Delta
3 sustainability is threatened by changing hydrology due to climate
4 change, water diversions, flood risk, seismic events, nonnative
5 species, toxics, and other environmental problems. Future
6 management of the Delta must improve Delta ecosystem health
7 and improve the means of Delta water conveyance in order to
8 protect drinking water quality, improve water supply reliability,
9 restore ecosystem health, and preserve agricultural and recreational
10 values in the Delta. Future management of the Delta must provide
11 to counties and watersheds of origin assurances that their priority
12 to water resources will be protected and that programs or facilities
13 implemented or constructed in the Delta will not result in
14 redirection of unmitigated, significant adverse impacts to the
15 counties and watershed of origin. Many sources of funding will
16 be needed to implement improved Delta management.

17 (b) This chapter provides state funding for public benefits
18 associated with projects needed to assist in the Delta's
19 sustainability as a vital resource for fish, wildlife, water quality,
20 water supply, agriculture, and recreation.

21 79741. (a) (1) The sum of two billion two hundred fifty
22 million dollars (\$2,250,000,000) shall be available, upon
23 appropriation from the fund, for grants and direct expenditures, as
24 follows: expenditures.

25 (2) *Except as provided in paragraph (3), funds provided*
26 *pursuant to this chapter shall be appropriated to the Delta*
27 *Conservancy.*

28 (3) *Funds to maintain and improve Delta levees or other flood*
29 *management facilities shall be appropriated to the department.*

30 (a)

31 (b) (1) ~~Seven~~ *Of the funds provided in subdivision (a), seven*
32 *hundred fifty million dollars (\$750,000,000) shall be available for*
33 *projects, including grants to Delta counties and cities within the*
34 *Delta, that provide public benefits and support Delta sustainability*
35 *options, including projects and supporting scientific studies and*
36 *assessments that do any of the following:*

37 (A) Ensure that urban and agricultural water supplies derived
38 from the Delta, including water supplies used within the Delta, are
39 not disrupted because of catastrophic failures of Delta levees

1 resulting from earthquakes, floods, land sinking, rising ocean
2 levels, or other forces.

3 (B) Assist in preserving economically viable and sustainable
4 agriculture and other economic activities in the Delta.

5 (C) Improve the quality of drinking water derived from the
6 Delta.

7 (D) Improve levee and flood control facilities and other vital
8 infrastructure necessary to protect Delta communities affected by
9 the implementation of this chapter.

10 (E) Provide physical improvements or other actions to create
11 waterflow and water quality conditions within the Delta to provide
12 adequate habitat for native fish and wildlife.

13 (F) Facilitate other projects that provide public benefits and
14 support Delta sustainability options approved by the Legislature,
15 including costs associated with planning, monitoring, and design
16 of alternatives, and project modifications and adaptations necessary
17 to achieve the goals of this chapter.

18 (G) Mitigate other impacts of water conveyance and ecosystem
19 restoration.

20 (H) Provide or improve water quality facilities and other
21 infrastructure.

22 ~~(2) Of the funds provided in this subdivision, not less than fifty~~
23 ~~million dollars (\$50,000,000) shall be available for matching grants~~
24 ~~for improvements to wastewater treatment facilities upstream of~~
25 ~~the Delta to improve Delta water quality.~~

26 ~~(3)~~

27 (2) Of the funds provided in this subdivision, up to two hundred
28 fifty million dollars (\$250,000,000) may be expended in the Delta
29 to provide assistance to local governments and the local agricultural
30 economy due to loss of productive agricultural lands for habitat
31 and ecosystem restoration within the Delta.

32 ~~(b)~~

33 ~~(c) One~~ *Of the funds provided in subdivision (a), one* billion
34 five hundred million dollars (\$1,500,000,000) shall be available,
35 upon appropriation from the fund, for grants and direct
36 expenditures, for projects to protect and enhance the sustainability
37 of the Delta ecosystem, including any of the following:

38 (1) ~~Projects for the development and implementation of the Bay~~
39 ~~Delta Conservation Plan, consistent with Chapter 10 (commencing~~
40 ~~with Section 2800) of Division 3 of the Fish and Game Code. The~~

1 projects shall be implemented through a cooperative effort among
2 regulatory agencies, regulated and potentially regulated entities,
3 and affected parties, including state and federal water contractors.
4 These funds may be expended for the preparation of environmental
5 documentation and environmental compliance *that protect, restore,*
6 *and enhance the Delta ecosystem.*

7 (2) Other projects to protect and restore native fish and wildlife
8 dependent on the Delta ecosystem, including the acquisition of
9 water rights and the removal or reduction of undesirable invasive
10 species.

11 (3) Projects to reduce greenhouse gas emissions from exposed
12 Delta soils.

13 (4) Projects that reduce impacts of mercury contamination of
14 the Delta and its watersheds, and remediation and elimination of
15 continuing sources of mercury contamination.

16 (5) Scientific studies and assessments that support the projects
17 authorized under this section.

18 ~~(e) Funds provided by this chapter shall be available for~~
19 ~~appropriation to, among other entities, the Sacramento-San Joaquin~~
20 ~~Delta Conservancy for implementation consistent with the Delta~~
21 ~~Plan.~~

22 79742. (a) A project that receives funding pursuant to
23 subdivision ~~(a)~~ (b) of Section 79741 shall be eligible for funding
24 pursuant to other provisions of this division to the extent that the
25 combined state funding pursuant to this division does not exceed
26 50 percent of the total project costs.

27 ~~(b) The department~~ *Except as provided in paragraph (3) of*
28 *subdivision (a) of Section 79741, the Delta Conservancy shall*
29 *determine what constitutes a project for the purposes of subdivision*
30 *(a). The department shall determine what constitutes a project for*
31 *purposes of subdivision (a) with respect to maintaining and*
32 *improving Delta levees and other flood management facilities.*

34 CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL
35 IMPROVEMENT FOR DROUGHT PREPAREDNESS
36

37 79750. (a) Notwithstanding Section 162, the commission may
38 make the determinations, findings, and recommendations required
39 of it by this chapter independent of the views of the director. All
40 final actions by the commission in implementing this chapter shall

1 be taken by a majority of the members of the commission at a
2 public meeting noticed and held pursuant to the Bagley-Keene
3 Open Meeting Act (Article 9 (commencing with Section 11120)
4 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
5 Code).

6 (b) Notwithstanding Section 13340 of the Government Code,
7 the sum of three billion dollars (\$3,000,000,000) is hereby
8 continuously appropriated from the fund, without regard to fiscal
9 years, to the commission for public benefits associated with water
10 storage projects that improve the operation of the state water
11 system, are cost effective, and provide a net improvement in
12 ecosystem and water quality conditions, in accordance with this
13 chapter. Funds authorized for, or made available to, the commission
14 pursuant to this chapter shall be available and expended only for
15 the purposes provided in this chapter, and shall not be subject to
16 appropriation or transfer by the Legislature or the Governor for
17 any other purpose.

18 (c) Projects shall be selected by the commission through a
19 competitive public process that ranks potential projects based on
20 the expected return for public investment as measured by the
21 magnitude of the public benefits provided, pursuant to criteria
22 established under this chapter.

23 (d) Any project constructed with funds provided by this chapter
24 shall be subject to Section 11590.

25 79751. Projects for which the public benefits are eligible for
26 funding under this chapter consist of only the following:

27 (a) Surface storage projects identified in the CALFED Bay-Delta
28 Program Record of Decision, dated August 28, 2000, except for
29 projects prohibited by Chapter 1.4 (commencing with Section
30 5093.50) of Division 5 of the Public Resources Code.

31 (b) Groundwater storage projects and groundwater
32 contamination prevention or remediation projects that provide
33 water storage benefits.

34 (c) Conjunctive use and reservoir reoperation projects.

35 (d) Local and regional surface storage projects that improve the
36 operation of water systems in the state and provide public benefits.

37 ~~(e) Projects that improve dam stability in seismic events.~~

38 79752. A project shall not be funded pursuant to this chapter
39 unless it provides measurable improvements to the Delta ecosystem
40 or to the tributaries to the Delta.

1 79753. (a) Funds allocated pursuant to this chapter may be
2 expended solely for the following public benefits associated with
3 water storage projects:

4 (1) Ecosystem improvements, including changing the timing of
5 water diversions, improvement in flow conditions, temperature,
6 or other benefits that contribute to restoration of aquatic ecosystems
7 and native fish and wildlife, including those ecosystems and fish
8 and wildlife in the Delta.

9 (2) Water quality improvements in the Delta, or in other river
10 systems, that provide significant public trust resources, or that
11 clean up and restore groundwater resources.

12 (3) Flood control benefits, including, but not limited to, increases
13 in flood reservation space in existing reservoirs by exchange for
14 existing or increased water storage capacity in response to the
15 effects of changing hydrology and decreasing snow pack on
16 California's water and flood management system.

17 (4) Emergency response, including, but not limited to, securing
18 emergency water supplies and flows for dilution and salinity
19 repulsion following a natural disaster or act of terrorism.

20 (5) Recreational purposes, including, but not limited to, those
21 recreational pursuits generally associated with the outdoors.

22 (b) Funds shall not be expended pursuant to this chapter for the
23 costs of environmental mitigation measures or compliance
24 obligations except for those associated with providing the public
25 benefits as described in this section.

26 79754. In consultation with the Department of Fish and
27 Wildlife, the ~~State Water Resources Control Board~~ *state board*,
28 and the department, the commission shall develop and adopt, by
29 regulation, methods for quantification and management of public
30 benefits described in Section 79753 by December 15, 2016. The
31 regulations shall include the priorities and relative environmental
32 value of ecosystem benefits as provided by the Department of Fish
33 and Wildlife and the priorities and relative environmental value
34 of water quality benefits as provided by the ~~State Water Resources~~
35 ~~Control Board~~ *state board*.

36 79755. (a) Except as provided in subdivision (c), ~~no~~ funds
37 allocated pursuant to this chapter ~~may~~ *shall not* be allocated for a
38 project before December 15, 2016, and until the commission
39 approves the project based on the commission's determination that
40 all of the following have occurred:

1 (1) The commission has adopted the regulations specified in
2 Section 79754 and specifically quantified and made public the cost
3 of the public benefits associated with the project.

4 (2) The project applicant has entered into a contract with each
5 party that will derive benefits, other than public benefits, as defined
6 in Section 79753, from the project that ensures the party will pay
7 its share of the total costs of the project. The benefits available to
8 a party shall be consistent with that party's share of total project
9 costs.

10 (3) The project applicant has entered into a contract with each
11 public agency identified in Section 79754 that administers the
12 public benefits, after that agency makes a finding that the public
13 benefits of the project for which that agency is responsible meet
14 all the requirements of this chapter, to ensure that the public
15 contribution of funds pursuant to this chapter achieves the public
16 benefits identified for the project.

17 (4) The commission has held a public hearing for the purposes
18 of providing an opportunity for the public to review and comment
19 on the information required to be prepared pursuant to this
20 subdivision.

21 (5) All of the following additional conditions are met:

22 (A) Feasibility studies have been completed.

23 (B) The commission has found and determined that the project
24 is feasible, is consistent with all applicable laws and regulations,
25 and will advance the long-term objectives of restoring ecological
26 health and improving water management for beneficial uses of the
27 Delta.

28 (C) All environmental documentation associated with the project
29 has been completed, and all other federal, state, and local approvals,
30 certifications, and agreements required to be completed have been
31 obtained.

32 (b) The commission shall submit to the Legislature its findings
33 for each of the criteria identified in subdivision (a) for a project
34 funded pursuant to this chapter.

35 (c) Notwithstanding subdivision (a), funds may be made
36 available under this chapter for the completion of environmental
37 documentation and permitting of a project.

38 79756. (a) The public benefit cost share of a project funded
39 pursuant to this chapter, other than a project described in

subdivision (c) of Section 79751, shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) ~~No~~ A project ~~may~~ *shall not* be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79753 that are at least 50 percent of total public benefits of the project funded under this chapter.

79757. (a) A project is not eligible for funding under this chapter unless, by January 1, 2022, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) The project applicant receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79758. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79751 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79758.5. From the funds provided in subdivision (b) of Section 75750, the commission shall make twenty-five million dollars (\$25,000,000) available to the department for studying the feasibility of additional surface storage projects. Funds provided by this section are not available to study the feasibility of any storage project identified in the CALFED Bay-Delta Programmatic Record of Decision, dated August 28, 2000.

79759. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED Bay-Delta Record of Decision, dated August 28, 2000, pursuant

1 to this chapter may be provided for those purposes to local joint
2 powers authorities formed by irrigation districts and other local
3 water districts and local governments within the applicable
4 hydrologic region to design, acquire, and construct those projects.

5 (b) The joint powers authorities described in subdivision (a)
6 may include in their membership governmental partners that are
7 not located within their respective hydrologic regions in financing
8 the surface storage projects, including, as appropriate, cost-share
9 participation or equity participation. Notwithstanding Section 6525
10 of the Government Code, the joint powers authorities described
11 in subdivision (a) shall not include in their membership any
12 for-profit corporation, or any mutual water company whose
13 shareholders and members include a for-profit corporation or any
14 other private entity. The department shall be an ex officio member
15 of each joint powers authority subject to this section, but the
16 department shall not control the governance, management, or
17 operation of the surface water storage projects.

18 (c) A joint powers authority subject to this section shall own,
19 govern, manage, and operate a surface water storage project,
20 subject to the requirement that the ownership, governance,
21 management, and operation of the surface water storage project
22 shall advance the purposes set forth in this chapter.

23 79759.5. (a) In approving the Safe, Clean, and Reliable
24 Drinking Water Supply Act of 2014, the people were informed
25 and hereby declare that the provisions of this chapter are necessary,
26 integral, and essential to meeting the single object or work of the
27 Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As
28 such, any amendment of the provisions of this chapter by the
29 Legislature without voter approval would frustrate the scheme and
30 design that induced voter approval of this act. The people therefore
31 find and declare that any amendment of the provisions of this
32 chapter by the Legislature shall require an affirmative vote of
33 two-thirds of the membership in each house of the Legislature and
34 voter approval.

35 (b) This section shall not govern or be used as authority for
36 determining whether the amendment of any other provision of this
37 act not contained in this chapter would constitute a substantial
38 change in the scheme and design of this act requiring voter
39 approval.

CHAPTER 9. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
WATERS, AND WATERSHEDS

~~79760. (a) The sum of one billion three hundred million dollars (\$1,300,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and competitive grants for multibenefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities that protect and improve California watersheds, wetlands, forests, and floodplains.~~

~~(b) Of the funds made available by this section, the following specified amounts shall be made available to the specified regions:~~

~~(1) _____ million dollars (\$ _____) for the North Coast region.~~

~~(2) _____ million dollars (\$ _____) for the San Francisco Bay area.~~

~~(3) _____ million dollars (\$ _____) for the Sierra Nevada and Cascade Range region.~~

~~(4) _____ million dollars (\$ _____) for the Central Coast region.~~

~~(5) _____ million dollars (\$ _____) for the Central Valley region.~~

~~(6) _____ million dollars (\$ _____) for the Southern California region.~~

~~79761. In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:~~

~~(a) Protect and increase the economic benefits arising from healthy watersheds, fishery resources, and instream flow.~~

~~(b) Implement watershed adaptation projects in order to reduce the impacts of climate change on California's communities and ecosystems.~~

~~(c) Restore river parkways throughout the state, including, but not limited to, projects pursuant to the California River Parkway Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code), in the Urban Streams Restoration Program established pursuant to Section 7048, and urban river greenways.~~

~~(d) Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow pursuant to Section 1707.~~

1 ~~(e) Fulfill the obligations of the State of California in complying~~
2 ~~with the terms of multiparty settlement agreements related to water~~
3 ~~resources.~~

4 ~~(f) Remove barriers to fish passage.~~

5 ~~(g) Collaborate with federal agencies in the protection of fish~~
6 ~~native to California and wetlands in the central valley of California.~~

7 ~~(h) Implement fuel treatment projects to reduce wildfire risks;~~
8 ~~protect watersheds tributary to water storage facilities; and promote~~
9 ~~watershed health.~~

10 ~~(i) Protect and restore rural and urban watershed health to~~
11 ~~improve watershed storage capacity, forest health, protection of~~
12 ~~life and property, stormwater resource management, and~~
13 ~~greenhouse gas reduction.~~

14 ~~(j) Promote access and recreational opportunities to watersheds~~
15 ~~and waterways that are compatible with habitat values and water~~
16 ~~quality objectives.~~

17 ~~(k) Promote educational opportunities to instruct and inform~~
18 ~~Californians, including young people, about the value of~~
19 ~~watersheds.~~

20 ~~(l) Protect and restore coastal watersheds, including, but not~~
21 ~~limited to, bays, marine estuaries, and nearshore ecosystems.~~

22 ~~(m) Reduce pollution or contamination of rivers, lakes, streams,~~
23 ~~or coastal waters, prevent and remediate mercury contamination~~
24 ~~from legacy mines, and protect or restore natural system functions~~
25 ~~that contribute to water supply, water quality, or flood management.~~

26 ~~(n) Assist in the recovery of endangered, threatened, or~~
27 ~~migratory species by improving watershed health, instream flows~~
28 ~~pursuant to Section 1707, fish passage, coastal or inland wetland~~
29 ~~restoration, or other means, such as natural community~~
30 ~~conservation plan and habitat conservation plan implementation.~~

31 ~~(o) Promote urban forestry pursuant to the Urban Forest Act of~~
32 ~~1978 (Chapter 2 (commencing with Section 4799.06) of Division~~
33 ~~4 of the Public Resources Code).~~

34 79761. *(a) Of the funds provided in Section 79760, five*
35 *hundred fifty million dollars (\$550,000,000) shall be available for*
36 *appropriation as follows:*

37 *(1) Baldwin Hills Conservancy: six million three hundred*
38 *thousand dollars (\$6,300,000).*

39 *(2) California Tahoe Conservancy: eighteen million eight*
40 *hundred thousand dollars (\$18,800,000).*

1 (3) *Coachella Valley Mountains Conservancy: twelve million*
2 *six hundred thousand dollars (\$12,600,000).*

3 (4) *San Diego River Conservancy: six million three hundred*
4 *thousand dollars (\$6,300,000).*

5 (5) *San Gabriel and Lower Los Angeles Rivers and Mountains*
6 *Conservancy: twenty-five million one hundred thousand dollars*
7 *(\$25,100,000).*

8 (6) *San Joaquin River Conservancy: twelve million six hundred*
9 *thousand dollars (\$12,600,000).*

10 (7) *Santa Monica Mountains Conservancy: forty million nine*
11 *hundred thousand dollars (\$40,900,000).*

12 (8) *Sierra Nevada Conservancy: forty million nine hundred*
13 *thousand dollars (\$40,900,000).*

14 (9) *State Coastal Conservancy: two hundred twenty million*
15 *dollars (\$220,000,000).*

16 (10) *Wildlife Conservation Board: one hundred thirty-five*
17 *million one hundred thousand dollars (\$135,100,000).*

18 (11) *California Ocean Protection Council: thirty-one million*
19 *four hundred thousand dollars (\$31,400,000).*

20 (b) *Of the funds allocated to the State Coastal Conservancy*
21 *pursuant to paragraph (9) of subdivision (a), seventy-eight million*
22 *six hundred thousand dollars (\$78,600,000) are available as*
23 *follows:*

24 (1) *Thirty-one million four hundred thousand dollars*
25 *(\$31,400,000) shall be available for projects that help restore*
26 *coastal salmonid populations.*

27 (2) *Forty-seven million two hundred thousand dollars*
28 *(\$47,200,000) shall be available for flood control projects on*
29 *public lands that provide critical flood, water quality, and wetland*
30 *ecosystem benefits to the San Francisco Bay region.*

31 79762. For restoration and ecosystem protection projects under
32 this chapter, the services of the California Conservation Corps or
33 a local conservation corps certified by the California Conservation
34 Corps shall be used whenever feasible.

35 79763. (a) (1) Notwithstanding Section 79711, of the funds
36 authorized in Section 79760, the sum of five hundred million
37 dollars (\$500,000,000) shall be available to fulfill the obligations
38 of the State of California in complying with the terms of any of
39 the following:

40 (1)

1 (A) The February 18, 2010, Klamath Basin Restoration
2 Agreement or Klamath Hydroelectric Settlement Agreement.

3 ~~(2) The Quantification Settlement Agreement, as defined in~~
4 ~~subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.~~

5 ~~(B) Chapters 611, 612, and 613 of the Statutes of 2003, which~~
6 ~~were enacted to facilitate the execution and implementation of the~~
7 ~~Quantification Settlement Agreement, including the restoration of~~
8 ~~the Salton Sea.~~

9 ~~(3)~~

10 (C) The San Joaquin River Restoration Settlement, as described
11 in Part I of Subtitle A of Title X of Public Law 111-11.

12 ~~(4)~~

13 (D) Section 3406(d) of Title 34 of Public Law 102-575.

14 ~~(5)~~

15 ~~(E) Other multiparty settlement agreements in effect as of~~
16 ~~January 1, 2014, including the The Tahoe Regional Planning~~
17 ~~Compact set forth in Section 66801 of the Government Code.~~

18 ~~(2) Expenditures funded by this subdivision shall comply with~~
19 ~~Section 16727 of the Government Code.~~

20 (b) Of the funds authorized in Section 79760, two hundred fifty
21 million dollars (\$250,000,000) shall be available to the Natural
22 Resources Agency to support projects of a state conservancy as
23 ~~provided in the conservancy's strategic plan state board for~~
24 ~~projects that develop, implement, or improve a stormwater capture~~
25 ~~and use plan consistent with Part 2.3 (commencing with Section~~
26 ~~10560) of Division 6 that captures and puts to beneficial use~~
27 ~~stormwater or dry weather runoff.~~

28 ~~(c) In order to guide the expenditure of funds described in this~~
29 ~~chapter, the Natural Resources Agency shall develop a statewide~~
30 ~~natural resource protection plan to identify priorities consistent~~
31 ~~with the purposes of this section. All expenditures by state~~
32 ~~conservancies and state agencies of funds described in this section~~
33 ~~shall advance the priorities set forth in the statewide natural~~
34 ~~resource protection plan.~~

35 ~~(d) In coordination with the Natural Resources Agency, all state~~
36 ~~conservancies expending funds provided pursuant to subdivision~~
37 ~~(b) shall provide biannual written reports to the Natural Resources~~
38 ~~Agency on expenditures made and how those expenditures advance~~
39 ~~the statewide priorities set forth in the statewide natural resource~~
40 ~~protection plan developed pursuant to subdivision (c). The Natural~~

1 ~~Resources Agency shall produce and make available to the public~~
2 ~~biannual written reports on total expenditures made and progress~~
3 ~~toward meeting statewide priorities.~~

4 *(c) Stormwater capture and use projects developed pursuant to*
5 *an adopted integrated regional water management plan in*
6 *compliance with Part 2.2 (commencing with Section 10530) of*
7 *Division 6 are also eligible for funding under this section if those*
8 *projects were identified and developed in substantive compliance*
9 *with Part 2.3 (commencing with Section 10560) of Division 6.*

10 *(d) Projects eligible for funding under this section shall assist*
11 *in the capture and reuse of stormwater or dry weather runoff.*
12 *Eligible projects include any of the following:*

13 *(1) Projects that capture, convey, treat, or put to beneficial use*
14 *stormwater or dry weather runoff.*

15 *(2) The development of stormwater capture and reuse plans*
16 *pursuant to Part 2.3 (commencing with Section 10560) of Division*
17 *6.*

18 *(3) Decision support tools, data acquisition, and data analysis*
19 *to identify and evaluate the benefits and costs of potential*
20 *stormwater capture and reuse projects.*

21 *(4) Projects that, in addition to capturing and reusing*
22 *stormwater or dry weather runoff, improve water quality and*
23 *provide public benefits, such as augmentation of water supply,*
24 *flood control, open space, and recreation, and projects designed*
25 *to mimic or restore natural watershed functions.*

26 *(e) The state board shall grant special consideration to plans*
27 *or projects that provide multiple benefits such as water quality,*
28 *water supply, flood control, natural lands, or recreation.*

29 *(f) The state board shall require a 50 percent local cost share*
30 *for grant funds, but may suspend or reduce the matching*
31 *requirements for projects that capture or reuse stormwater or dry*
32 *weather runoff in disadvantaged communities.*

33 *(g) The state board shall adopt a policy establishing criteria*
34 *for projects funded by this section to ensure that a project funded*
35 *pursuant to this section complies with water quality laws and does*
36 *not put at risk any groundwater or surface water supplies.*

37 79764. For the purposes of this chapter, the terms “protection”
38 and “restoration” have the meanings set forth in Section 75005 of
39 the Public Resources Code.

CHAPTER 10. GROUNDWATER SUSTAINABILITY

79770. Prevention and cleanup of groundwater contamination are critical components of successful groundwater management. Groundwater quality becomes especially important as water providers do the following:

(a) Evaluate investments in groundwater recharge with surface water, stormwater, recycled water, and other conjunctive use projects that augment local groundwater supplies to improve regional water self-reliance.

(b) Adapt to changing hydrologic conditions brought on by climate change.

(c) Consider developing groundwater basins to provide much needed local storage options to accommodate hydrologic and regulatory variability in the state's water delivery system.

(d) Evaluate investments in groundwater recovery projects.

79771. (a) The sum of five hundred million dollars (\$500,000,000) shall be available, upon appropriation by the Legislature from the fund, *to the state board* for expenditures, grants, and loans for projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water. Funds appropriated pursuant to this section shall be available to the implementing agency for projects necessary to protect public health by preventing or reducing the contamination of groundwater that serves or has served as a major source of drinking water for a community.

(b) Projects shall be prioritized based upon the following criteria:

(1) The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including an urgent need for treatment of alternative supplies or increased water imports if groundwater is not available due to contamination.

(2) The potential for groundwater contamination to spread and impair drinking water supply and water storage for nearby population areas.

(3) The potential of the project, if fully implemented, to enhance local water supply reliability.

(4) The potential of the project to maximize opportunities to recharge vulnerable, high-use groundwater basins and optimize groundwater supplies.

(5) The project addresses contamination at a site for which the courts or the appropriate regulatory authority has not yet identified responsible parties, or where the identified responsible parties are unwilling or unable to pay for the total cost of cleanup.

(c) The Legislature, by statute, shall establish both of the following:

(1) A requirement that the grantee repay grant funds in the event of cost recovery from the parties responsible for the groundwater contamination.

(2) A requirement that the grantee make reasonable efforts to attempt to recover the costs of cleanup from the parties responsible for the contamination, except that a grantee shall not be required to seek cost recovery related to the costs of response actions apportioned to responsible parties who are insolvent or cannot be identified or located or when a requirement to seek cost recovery would impose a financial hardship on the grantee.

79772. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1,2,3-TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, ~~nitrosodimethylamine~~ *N*-nitrosodimethylamine, bromide, iron, manganese, and uranium.

79773. (a) A project that receives funding pursuant to this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding.

(b) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

~~(c) An agency administering grants or loans for the purposes of this chapter~~ *The state board* shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(d) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(e) Funding authorized pursuant to this chapter shall include funding for technical assistance to disadvantaged communities. ~~The agency administering this funding~~ *state board* shall operate a multidisciplinary technical assistance program for small and disadvantaged communities.

CHAPTER 11. WATER RECYCLING PROGRAM

79780. The sum of five hundred million dollars (\$500,000,000) shall be available, upon appropriation by the Legislature from the fund, *to the state board* for grants for water recycling and advanced treatment technology projects, including all of the following:

(a) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.

(b) Contaminant and salt removal projects, including groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities.

(c) Dedicated distribution infrastructure to serve residential, agricultural, commercial, and industrial end-users to allow the use of recycled water.

(d) Pilot projects for new salt and contaminant removal technology.

(e) Groundwater recharge infrastructure related to recycled water.

(f) Technical assistance and grant writing assistance for disadvantaged communities.

79782. For projects funded pursuant to the funds made available pursuant to Section 79780, at least a 50-percent local cost share shall be required. That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

79783. Projects funded pursuant to the funds made available pursuant to Section 79780 shall be selected on a competitive basis, considering all of the following criteria:

(a) Water supply reliability improvement.

(b) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.

- 1 (c) Public health benefits from improved drinking water quality.
- 2 (d) Cost-effectiveness.
- 3 (e) Energy efficiency and greenhouse gas emission impacts.
- 4 (f) Reasonable geographic allocation to eligible projects
- 5 throughout the state, including both northern and southern
- 6 California and coastal and inland regions.

7 79784. For purposes of this chapter, competitive programs
8 shall be implemented consistent with water recycling programs
9 administered pursuant to Sections 79140 and 79141 or consistent
10 with desalination programs administered pursuant to Sections
11 79545 and 79547.2.

12
13 *CHAPTER 12. WATER CONSERVATION*
14

15 79790. *The sum of two hundred fifty million dollars*
16 *(\$250,000,000) shall be available, upon appropriation by the*
17 *Legislature from the fund, to the department for direct expenditures*
18 *and grants for water conservation and water use efficiency plans,*
19 *projects, and programs, including any of the following:*

20 (a) *Urban water conservation plans, projects, and programs,*
21 *including regional projects and programs, implemented to achieve*
22 *urban water use targets developed pursuant to Chapter 3*
23 *(commencing with Section 10608.16) of Part 2.55 of Division 6.*
24 *Priority for funding shall be given to programs that do any of the*
25 *following:*

26 (1) *Assist water suppliers and regions to implement conservation*
27 *programs and measures that are not locally cost-effective.*

28 (2) *Support water supplier and regional efforts to implement*
29 *programs targeted to enhance water use efficiency for commercial,*
30 *industrial, and institutional water users.*

31 (3) *Assist water suppliers and regions with programs and*
32 *measures targeted toward realizing the conservation benefits of*
33 *implementation of the provisions of the state landscape model*
34 *ordinance.*

35 (b) *Agricultural water use efficiency projects and programs*
36 *developed pursuant to Part 2.8 (commencing with Section 10800)*
37 *of Division 6.*

38 (c) *Agricultural water management plans developed pursuant*
39 *to Part 2.8 (commencing with Section 10800) of Division 6.*

1 79791. *The department shall award grants under this chapter*
2 *in a competitive process that considers, as primary factors, the*
3 *local and statewide conservation and water use efficiency benefits*
4 *of the measures proposed for grants.*

5 79792. *Section 1011 applies to all conservation measures that*
6 *an agricultural water supplier or an urban water supplier*
7 *implements with funding under this chapter. This section does not*
8 *limit the application of Section 1011 to any other measures or*
9 *projects implemented by a water supplier.*

10
11 CHAPTER 13. LOCAL AND REGIONAL STORAGE PROJECTS
12

13 79795. (a) *Notwithstanding Section 13340 of the Government*
14 *Code, the sum of one hundred million dollars (\$100,000,000) is*
15 *hereby continuously appropriated from the fund, without regard*
16 *to fiscal years, to the department for public benefits associated*
17 *with all of the following:*

18 (1) *Local and regional surface and groundwater storage projects*
19 *that improve the operation of water systems in the state.*

20 (2) *Local and regional conjunctive use and reservoir reoperation*
21 *projects.*

22 (3) *Local and regional projects that improve dam stability in*
23 *seismic events.*

24 (b) *Projects shall be selected by the department through a*
25 *competitive public process that ranks potential projects based*
26 *upon the expected return for public investment as measured by the*
27 *magnitude of the public benefits provided.*

28 (c) *Project solicitation and evaluation guidelines shall be*
29 *developed by the department pursuant to Section 79708.*

30 (d) *Funds shall not be expended pursuant to this chapter for*
31 *the costs of environmental mitigation measures or compliance*
32 *obligations except for those associated with providing the public*
33 *benefits as described in this chapter.*

34
35 CHAPTER ~~12.~~14. FISCAL PROVISIONS
36

37 79800. (a) *Bonds in the total amount of ~~nine ten billion four~~*
38 *one hundred fifty million dollars—(\$9,450,000,000)*
39 *(\$10,150,000,000), or so much thereof as is necessary, not*
40 *including the amount of any refunding bonds issued in accordance*

1 with Section 79812 may be issued and sold to provide a fund to
2 be used for carrying out the purposes expressed in this division
3 and to reimburse the General Obligation Bond Expense Revolving
4 Fund pursuant to Section 16724.5 of the Government Code. The
5 bonds, when sold, shall be and constitute a valid and binding
6 obligation of the State of California, and the full faith and credit
7 of the State of California is hereby pledged for the punctual
8 payment of both principal of, and interest on, the bonds as the
9 principal and interest become due and payable.

10 (b) The Treasurer shall sell the bonds authorized by the
11 committee pursuant to this section. The bonds shall be sold upon
12 the terms and conditions specified in a resolution to be adopted
13 by the committee pursuant to Section 16731 of the Government
14 Code.

15 79801. The bonds authorized by this division shall be prepared,
16 executed, issued, sold, paid, and redeemed as provided in the State
17 General Obligation Bond Law (Chapter 4 (commencing with
18 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
19 Code), and all of the provisions of that law apply to the bonds and
20 to this division and are hereby incorporated in this division as
21 though set forth in full in this division, except subdivisions (a) and
22 (b) of Section 16727 of the Government Code.

23 79802. (a) Solely for the purpose of authorizing the issuance
24 and sale pursuant to the State General Obligation Bond Law
25 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
26 4 of Title 2 of the Government Code) of the bonds authorized by
27 this division, the Safe, Clean, and Reliable Drinking Water Finance
28 Committee is hereby created. For purposes of this division, the
29 Safe, Clean, and Reliable Drinking Water Finance Committee is
30 the “committee” as that term is used in the State General Obligation
31 Bond Law.

32 (b) The committee consists of the Director of Finance, the
33 Treasurer, the Controller, the Director of Water Resources, and
34 the Secretary of the Natural Resources Agency. Notwithstanding
35 any other provision of law, any member may designate a
36 representative to act as that member in his or her place for all
37 purposes, as though the member were personally present.

38 (c) The Treasurer shall serve as chairperson of the committee.

39 (d) A majority of the committee may act for the committee.

1 79803. The committee shall determine whether or not it is
2 necessary or desirable to issue bonds authorized pursuant to this
3 division in order to carry out the actions specified in this division
4 and, if so, the amount of bonds to be issued and sold. Successive
5 issues of bonds may be authorized and sold to carry out those
6 actions progressively, and it is not necessary that all of the bonds
7 authorized to be issued be sold at any one time.

8 79804. For purposes of the State General Obligation Bond
9 Law, “board,” as defined in Section 16722 of the Government
10 Code, means the Department of Water Resources.

11 79805. There shall be collected each year and in the same
12 manner and at the same time as other state revenue is collected,
13 in addition to the ordinary revenues of the state, a sum in an amount
14 required to pay the principal of, and interest on, the bonds each
15 year. It is the duty of all officers charged by law with any duty in
16 regard to the collection of the revenue to do and perform each and
17 every act that is necessary to collect that additional sum.

18 79806. Notwithstanding Section 13340 of the Government
19 Code, there is hereby appropriated from the General Fund in the
20 State Treasury, for the purposes of this division, an amount that
21 will equal the total of the following:

22 (a) The sum annually necessary to pay the principal of, and
23 interest on, bonds issued and sold pursuant to this division, as the
24 principal and interest become due and payable.

25 (b) The sum that is necessary to carry out the provisions of
26 Section 79809, appropriated without regard to fiscal years.

27 79807. The board may request the Pooled Money Investment
28 Board to make a loan from the Pooled Money Investment Account
29 in accordance with Section 16312 of the Government Code for the
30 purpose of carrying out this division less any amount withdrawn
31 pursuant to Section 79809. The amount of the request shall not
32 exceed the amount of the unsold bonds that the committee has, by
33 resolution, authorized to be sold for the purpose of carrying out
34 this division. The board shall execute those documents required
35 by the Pooled Money Investment Board to obtain and repay the
36 loan. Any amounts loaned shall be deposited in the fund to be
37 allocated in accordance with this division.

38 79808. Notwithstanding any other provision of this division,
39 or of the State General Obligation Bond Law, if the Treasurer sells
40 bonds that include a bond counsel opinion to the effect that the

1 interest on the bonds is excluded from gross income for federal
2 tax purposes under designated conditions or is otherwise entitled
3 to any federal tax advantage, the Treasurer may maintain separate
4 accounts for the bond proceeds invested and for the investment
5 earnings on those proceeds, and may use or direct the use of those
6 proceeds or earnings to pay any rebate, penalty, or other payment
7 required under federal law or take any other action with respect
8 to the investment and use of those bond proceeds, as may be
9 required or desirable under federal law in order to maintain the
10 tax-exempt status of those bonds and to obtain any other advantage
11 under federal law on behalf of the funds of this state.

12 79809. For the purposes of carrying out this division, the
13 Director of Finance may authorize the withdrawal from the General
14 Fund of an amount or amounts not to exceed the amount of the
15 unsold bonds that have been authorized by the committee to be
16 sold for the purpose of carrying out this division less any amount
17 borrowed pursuant to Section 79807. Any amounts withdrawn
18 shall be deposited in the fund. Any moneys made available under
19 this section shall be returned to the General Fund, with interest at
20 the rate earned by the moneys in the Pooled Money Investment
21 Account, from proceeds received from the sale of bonds for the
22 purpose of carrying out this division.

23 79810. All moneys deposited in the fund that are derived from
24 premium and accrued interest on bonds sold pursuant to this
25 division shall be reserved in the fund and shall be available for
26 transfer to the General Fund as a credit to expenditures for bond
27 interest, except that amounts derived from premium may be
28 reserved and used to pay the cost of bond issuance prior to any
29 transfer to the General Fund.

30 79811. Pursuant to Chapter 4 (commencing with Section
31 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
32 the cost of bond issuance shall be paid out of the bond proceeds,
33 including premium, if any. To the extent the cost of bond issuance
34 is not paid from premiums received from the sale of bonds, these
35 costs shall be shared proportionately by each program funded
36 through this division by the applicable bond sale.

37 79812. The bonds issued and sold pursuant to this division
38 may be refunded in accordance with Article 6 (commencing with
39 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
40 the Government Code, which is a part of the State General

1 Obligation Bond Law. Approval by the voters of the state for the
2 issuance of the bonds under this division shall include approval
3 of the issuance of any bonds issued to refund any bonds originally
4 issued under this division or any previously issued refunding bonds.

5 79813. The proceeds from the sale of bonds authorized by this
6 division are not “proceeds of taxes” as that term is used in Article
7 XIII B of the California Constitution, and the disbursement of
8 these proceeds is not subject to the limitations imposed by that
9 article.

10 ~~79814. Of the nine billion four hundred fifty million dollars~~
11 ~~(\$9,450,000,000) in bonds authorized in this division, no more~~
12 ~~than four billion seven hundred twenty-five million dollars~~
13 ~~(\$4,725,000,000) shall be sold by the Treasurer before July 1,~~
14 ~~2019.~~

15 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
16 Session of the Statutes of 2009, as amended by Section 1 of
17 Chapter 74 of the Statutes of 2012, is repealed.

18 SEC. 4. Section 2 of this act shall be submitted to the voters
19 at the November 4, 2014, statewide general election in accordance
20 with provisions of the Government Code and the Elections Code
21 governing the submission of a statewide measure to the voters.

22 SEC. 5. Section 2 of this act shall take effect upon the approval
23 by the voters of the Safe, Clean, and Reliable Drinking Water
24 Supply Act of 2014 as set forth in that section at the November 4,
25 2014, statewide general election.

26 SEC. 6. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety within
28 the meaning of Article IV of the Constitution and shall go into
29 immediate effect. The facts constituting the necessity are:

30 In order to ensure that California residents are provided with
31 safe, clean, and reliable drinking water at the earliest possible date,
32 it is necessary that this act take effect immediately.